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RUEHBJ/AMEMBASSY BEIJING PRIORITY 6185  
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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 002243

SIPDIS

NSC FOR PHU

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TAGS: PGOV PHUM KDEM KJUS TH

SUBJECT: THAKSIN PREDICTS NATIONAL UNITY GOVERNMENT,  
PARDON, LIFE ABROAD

REF: A. BANGKOK 2226 (NO CLEAR PATH TO STABILITY)  
    1B. BANGKOK 2092 (THAKSIN'S TEAM PESSIMISTIC)  
    1C. BANGKOK 2091 (COURT RULINGS CLOUD FUTURE)  
    1D. 07 BANGKOK 2994 (THAI RAK THAI DISSOLVED)

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Classified By: Ambassador Eric G. John, reason: 1.4 (b) and (d).

SUMMARY

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11. (C) Former Prime Minister Thaksin told the Ambassador in a four-eyes meeting on July 23 that Prime Minister Samak had received royal approval to form a government of national unity in order to heal Thailand's political rifts. Thaksin estimated this government, incorporating all political parties, would likely last for a year and undertake constitutional reform. In the near future, as part of the deal, political figures, including Thaksin, would receive a pardon; Thaksin would regain control over his frozen assets, and he would give up politics and reside primarily abroad. Thaksin also discussed his relationship with the King, Queen, and Crown Prince. The concept of a national unity government may help calm the current volatile and highly adversarial political environment, but we are skeptical that the arrangement that Thaksin outlined will truly resolve fundamental conflicts between major interest groups in Thailand. End Summary.

NATIONAL UNITY GOVERNMENT, PARDON:  
A PATH TO STABILITY IN THAI POLITICS?

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12. (C) Former Prime Minister Thaksin Shinawatra called on the Ambassador at his Residence on July 23 for a four-eyes discussion. Thaksin told the Ambassador he had requested the meeting in part to bid farewell, as he anticipated he would soon spend most of his time outside of Thailand. His departure overseas would be part of an elaborate solution intended to provide stability in Thai politics.

13. (C) Thaksin related that King Bhumibol had received Prime Minister Samak Sundaravej for an audience on July 22. At that audience, Samak had received approval for the creation of a government of national unity, which would entail each

party holding positions in the cabinet in proportion to its number of seats in the House of Representatives. Thaksin appeared to presume -- but not to consider it certain -- that Samak would remain as Prime Minister. The Democrat Party -- the second largest, currently the sole opposition party -- would receive some Deputy Prime Minister positions, as well as Ministerial portfolios. Thaksin estimated the new government of national unity would last up to one year; during that time, the parliament would undertake a constitutional reform process.

¶4. (C) Soon after the government's formation, Thaksin added, a wide-ranging pardon would be issued. This was necessary in part because Thaksin and his wife would be convicted in ongoing court cases, most notably the "abuse of power" case (ref B). Thaksin attributed this upcoming conviction to the judiciary's bias against him, alleging that King Bhumibol had conveyed to at least one Constitutional Court Justice during a royal audience that the Court should, in Thaksin's words, to do whatever was necessary to eliminate Thaksin.

¶5. (C) The upcoming pardon would allow Thaksin to regain control over his frozen assets, Thaksin said. In return, however, he would have to renounce politics forever and focus instead on his business activities, while residing primarily abroad. Thaksin told the Ambassador he was willing to abide by these conditions. He added that, before his departure overseas, he hoped that the King and Queen might receive him for separate audiences; he said he would, on those occasions, make sizeable donations to each of them. (Note: We presume these donations would be directed toward foundations, not to the King and Queen per se. End Note.)

#### BACKGROUND ON THAKSIN'S TIES TO THE PALACE

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¶6. (C) Thaksin reflected that he had enjoyed a good relationship with the King during his first term as Prime Minister. The King was particularly grateful that Thaksin had taken steps to improve Crown Property Bureau (CPB) management of its assets, significantly increasing the CPB's wealth. The King's attitude toward him soured after his Thai Rak Thai party won a supermajority (377 out of 500 seats) in the 2005 election. Thaksin said many figures at the palace felt threatened by his political power and his popularity with rural Thais, who appreciated his commitment to eradicating poverty.

¶7. (C) Thaksin cited his decision to sell his Shin Corporation conglomerate to Singaporean investment firm Temasek as a key turning point in his relationship with the King. Thaksin claimed he told the King about the sale in an audience prior to a public announcement. On hearing that Thaksin would sell the conglomerate to a foreign entity, the King reportedly stiffened visibly and asked, "To whom?" Thaksin told the Ambassador he had not heard the King's question clearly and asked, "Pardon?" The King then erupted, loudly and angrily repeating his question. Thaksin told the Ambassador he had never before seen the King behave thusly. After this incident, Thaksin said, his political opponents effectively went on the offensive; the People's Alliance for Democracy drew substantially more supporters to rallies, had more funding at its disposal, and effectively manipulated the issue of the Shin Corp sale, paving the way for popular acceptance of the 2006 coup d'etat.

¶8. (C) Thaksin added that he believed that he still had a good relationship with Crown Prince Vajiralongkorn. The Crown Prince, however, had explained to Thaksin (at an unspecified time post-coup) that he would be unable to meet with Thaksin for an extended period of time, because of Queen Sirikit's antipathy toward the former Prime Minister.

COMMENT

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¶9. (C) Many key elements of the plan Thaksin outlined remain unclear to us. Would the pardon of which Thaksin spoke entail a legislative or royal act? Would it cover the 110 former Thai Rak Thai party executives who, along with Thaksin, were stripped of their political rights in May 2007 (ref D)? Would the threat of further party dissolutions (ref C) somehow be lifted? What sort of constitution would an amendment process produce? Nevertheless, if a plan along these lines does materialize, it may provide some valuable breathing room and calm the current volatile and highly adversarial political environment.

¶10. (C) We doubt, however, that either side in the long-running dispute between Thaksin and the Palace will act in good faith, or expect the other to do so. We note that Thaksin has already repeatedly pledged publicly that he has retired from politics, but he appears deeply involved in governmental affairs. It is nearly inconceivable that Thai politicians will stop consulting Thaksin, requesting his financial support, and trying to tap into his popular support for their own gain. And, if Thaksin is pardoned and has his funds released, it is unclear how the Palace would ensure that he upholds his side of the bargain.

JOHN